

INSURANCE CLAIMS AND RESERVE FUND

Finance and Information Services Department

PROGRAM OVERVIEW

This fund reflects activities related to the City's property and liability insurance, and safety and loss control programs managed by the Risk Management division of the Finance Department. Risk Management uses a combination of self-insurance and conventional insurance to reduce the City's loss exposure. The division also reviews, investigates and settles claims; offers safety-training classes; and serves as technical advisor to all City departments on insurance and safety issues.

Revenues for this fund are primarily derived from charges to the General Fund, the Water/Wastewater Management Fund, the Stormwater Management Fund, the Fleet Maintenance Fund, and the Advanced Life Support Fund.

BUDGET OVERVIEW

REVENUES

	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
Beginning fund balance	\$628,209	\$535,222	\$547,105	\$122,048
Transfers from other City funds				
General Fund	930,072	940,626	940,626	1,379,132
Water/Wastewater Fund	173,868	104,396	104,396	163,068
Stormwater Management Fund	34,884	81,230	81,230	156,650
Fleet Maintenance Fund	201,252	238,526	238,526	361,150
Advanced Life Support Fund	0	0	0	41,818
Total payments from other funds	1,340,076	1,364,778	1,364,778	2,101,818
Miscellaneous revenues	73,211	30,000	29,410	10,000
TOTAL REVENUES	\$2,041,496	\$1,930,000	\$1,941,293	\$2,233,866

EXPENDITURES

	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
Salaries and benefits	\$396,721	\$415,011	\$368,692	\$454,688
Insurance premiums	562,181	616,910	826,324	1,066,780
Estimated insurance claims	450,736	330,000	523,560	350,000
Investigative services/expenses	47,100	59,820	39,813	60,000
Operating costs	37,653	71,352	60,856	55,311
Ending fund balance	0	436,907	0	247,087
TOTAL EXPENDITURES	\$1,494,391	\$1,930,000	\$1,819,245	\$2,233,866

TOTAL FTEs	3.00	3.00	3.00	3.00
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Due to several unforeseen events (the recession, the Nisqually Delta earthquake in February, the September 11, 2001 terrorist attacks, and the impact these events have had on insurer investment income), the cost of insurance has increased dramatically across the nation. As a result, the City's cost of insurance in 2003-2004 is expected to increase nearly 75% over 2001-2002 budgeted levels. The higher cost of insurance starting in 2003-2004 is expected to remain and stabilize at these levels for the foreseeable future. The impact of this increase is higher interfund insurance premiums that are assessed on other City departments for insurance and risk management services.

2001-2002 ACCOMPLISHMENTS

- Completed facility for confined space training and started initial training using this facility.
- Held a series of office ergonomics classes citywide, trained over 300 City employees, and conducted a number of workplace ergonomic audits. Trained Public Works and Parks field personnel in ergonomic principles.
- Reviewed over 620 contracts for proper risk transfer provisions to protect the City from claims or loss and damage.

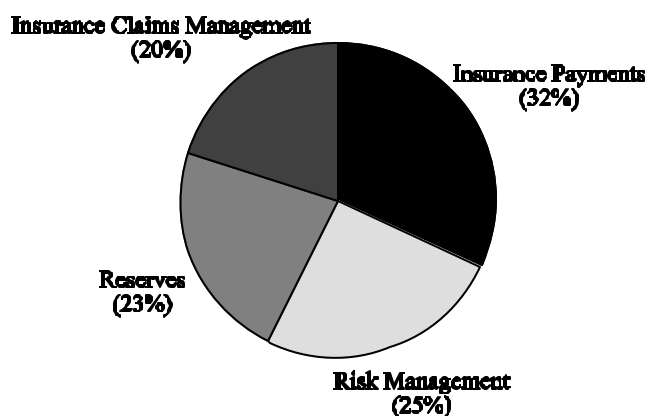
2003-2004 WORKPLAN INITIATIVES

- Offer key ergonomic training to those in predominately field positions requiring repetitive motion, overhead work and large vehicle or machinery operations.
- Develop citywide policies and facility use agreement for outside agency use of the confined space training facility.
- Develop a citywide workplace violence program with other departments.
- Convene an issues partnership with the Department of Human Resources to address common issues such as employment-related claims, new employee applicant screening, drug testing and safety training.

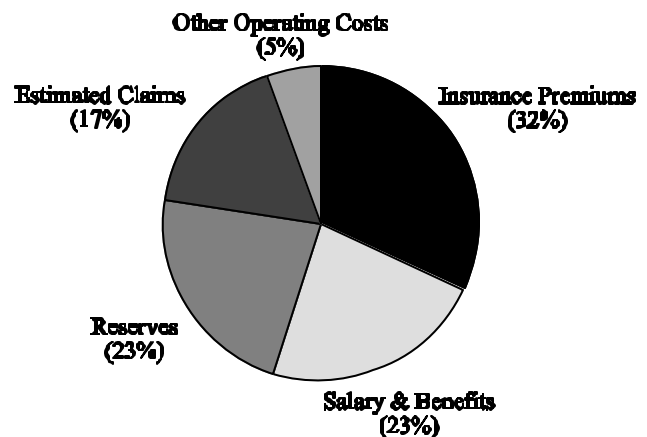
SUMMARY OF DEPARTMENT RESOURCES

2003-2004 Budget \$2,233,866

By Division/Program Area



By Category of Expense



DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)

No program changes were authorized for this fund.